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DEPT PASS USTR FOR DWOSKIN/KLEIN. SANDS/LEHR

DEPT ALSO PASS HEC FOR BOWNAN CUTTER

USDCC FOR ACTING U/S ROTHXOPF

CZSKORONASONAKANIEN KOR CZIK DODZU

USCCC ALSO FOR 5130/ITA/IA/OP/AHSU

5.C. 12355; N/A

TAGS: BEST. STIC, ECON, ETRO, BEXP. EINV. CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLEMARY SESSICES OFFICER IT

- 1. SUMMARY: U.S. AND CHINA CO-CHAIRS OF THE JOCT BUSINESS DEVELOPMENT AND INCUSTRIAL COOPERATION (BDIC) SUCREME GROUP PLENARY SESSICH EXPRESSED SATISFACTION WITH THE CONTINUED SUCCESS OF THE BOIC IN PROHOTING BILATERAL ECCHONIC COOPERATION. FUTURE AREAS OF COOPERATION WERE OUTLINED BY SUBGROUPS. THE CHINESE URSED GREATER RELAXATION OF U.S. EXPORT CONTROLS ON HIGH TECHNOLOGY EQUIPMENT SALES. END SUMMARY.
- I. LIU HU. DIRECTOR GENERAL OF THE SCIENCE AND
  TECHNOLOGY OFFICE OF CHINA'S MINISTRY OF FOREIGN TRADE
  AND ECONOMIC COOPERATION (MOFTEC), OPENED THE MEETING BY
  REVIEWING DEVELOPMENTS IN THE BDIC WORKING GROUP SINCE
  THE 5TH PLENARY SESSION OF THE JCCT MAS HELD IN APRIL
  1994. SEVERAL SUNGROUPS HAD BEEN REORGANIZED TO MORE
  ACCURATELY REFLECT THE DIVISION OF ADMINISTRATIVE
  DESSCRIPTION OF ADMINISTRATIVE ACCURATELY REFLECT THE DIVISION OF ADMINISTRATIVE RESPONSIBILITY IN CHIHESE MINISTRIES. SOME SUBGROUPS HAD DISCUSSED SPECIFIC BUSINESS CONTRACTS WHILE OTHERS HAD DISCUSSED THE CHINESE DESIRE TO MOVE FOR REASONS OF CONVENIENCE THE SUBGROUP ON SERVICES TO THE INVESTMENT PROMOTION WORKING GROUP. THREE NEW SUBGROUPS--TELECONSHUNICATIONS, PHARMACEUTICALS. INVIRONMENT -- WERE ADDED TO THE BOIC WORKING GROUP.

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INPORTANT ROLE IN PRONOTING U.S.-CHINA COOPERATION. HE SAID THAT HE HOPED THAT THE UNITED STATES WOULD TAKE CONCRETE ACTION TO ENCOURAGE BILATERAL INDUSTRIAL COOPERATION. CHINA. AS A DEVELOPING COUNTRY, HOPES TO ATTRACT FOREIGN FUNDS. IT HAS GREAT MARKET POTENTIAL AND LOW LABOR COSTS. LIU STRESSED THAT ONLY WHEN BOTH THE UNITED STATES AND CHIMA BENEFIT FROM TRADE AND INVESTMENT WILL INDUSTRIAL COOPERATION DEVELOP SHOOTHLY.

LIU CONNENTED THAT THE JCCT SERVED AN ACTIVE AND

- 4. LTU STATED THAT ALTHOUGH THE BDIC WORKING GROUP HAD ACHIEVED GREAT PROGRESS DURING THE LAST YEAR, SCHE PROBLEMS STILL REMAINED, AND SOME COOPERATIVE ACTIVITIES HAD BEEN POSTPONED. HE RECOMMENDED THAT THE UNITED STATES AND CHINA FURTHER DEVELOP INDUSTRIAL COOPERATION THROUGH: PROMOTING MUTUAL INVESTMENT, TECHNOLOGY TRANSFER, RESEARCH IN LAWS AND MARKET REGULATIONS, AND TECHNOLOGY TRAINING. HE SAID THAT REPRESENTATIVES FROM DIFFERENT U.S. INDUSTRIAL SECTORS AND EXTERPRISES SHOULD LAUNCH TRADE PROMOTIONAL EVENTS. 110 URGED THE UNITED STATES TO ADOPT A "REALISTIC ATTITUDE" IN ITS RELATIONS WITH CHINA, ENCOURAGE TECHNOLOGY TRANSFER, AND HELAX EXPORT CONTROLS.
- U.S. DEPARTMENT OF COMMERCE ASSISTANT SECRETARY FOR THADE DEVELOPMENT RAY VICKERY REPLIED THAT THE BOIC WORKING GROUP HAD ESTABLISHED A STRONG FOUNDATION FOR CONTINUED INDUSTRIAL COOPERATION BETWEEN THE UNITED STATES AND CHINA. DURING A DIFFICULT TIME IN THE U.S. -CHINA RELATIONSHIP. THE BOIC WORKING GROUP HAD MADE TREMENDOUS ACHIEVEMENTS OVER THE COURSE OF THE LAST YEAR. THE BOIC WORKING GROUP HAD SUCCESSFULLY PROHOTED COMMERCIAL ENGAGEMENT BETWEEN THE UNITED STATED AND CHINA. BDIC SUBGROUPS HAD CARRIED OUT 35 TRADE EVENTS DURING THE YEAR. AND 42 ARE CURRENTLY SCHEDULED DURING THE RENAIMDER OF 1995 AND 1995.

B. VICKERY STRESSED THAT IT WAS IMPORTANT TO RECOGNIZE THAT HUNDREDS OF PRIVATE TRADE ORGANIZATIONS AND BUSINESSES HAD PARTICIPATED IN, AND CONTRIBUTED TO THE SUCCESS OF THE BDIC SUBGROUPS. HE SAID THAT HE APPRECIATED CHINA'S ACCEPTANCE OF PRIVATE SECTOR INVOLVEMENT IN THE BOIC WORKING GROUP. VICKERY CONSTRUCTOR HAT AS 4 PESULT OF EXTENSIVE U.S.-CHINESE COOPERATION. THE BOIC WORKING GROUP HAD ALREADY ACHIEVED A GREAT DEAL AND SHOULD HAVE A BRIGHT FUTURE.

7. LIU AGREED THAT THERE HAS BEEN GREAT PROGRESS IN ELS.-CHIKESE INDUSTRIAL COOPERATION, BUT COMMENTED THAT
THERE IS MUCH STILL YET TO ACHIEVE. HE AGREED WITH THE
SUGGESTION OF THE U.S CO-CHAIR THAT SURVARY REPORTS OF SUBGROUP MEETINGS HELD ON OCTOBER 17 BE PRESENTED. AND INSTRUCTED THE CHIMESE REPRESENTATIVE TO THE CHEMICALS SUBGROUP TO RECENT THE DESCRIPTIONS SUBGROUP TO BEGIN THE DISCUSSION.

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DEPT PASS USTR FOR DWOSKIN/KLEIN SANDS/LEHR

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1 C 12355: 47A TAGS. BESP BITC. BOCH BIRD. DELP BINV CH SUBJECT: DOOT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COMPERATION PLENARY SESSIONS COTOBER 17

CHEMICALS SUBGROUP

COSNEMAKOT!

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6. NU DESHENG, VICE DIRECTOR OF THE CHINESE MINISTRY OF CHEMICAL INCUSTRY'S DEPARTMENT OF INTERNATIONAL COOPERATION, SAID THAT CHINESE AND UPS. REPRESENTATIVES OF THE BOIC CHEMICALS SUBGROUP HAD AGREED TO A WORK PROGRAM FOR 1998. HE INDICATED THAT THE IND SIDES AGREED TO COOPERATE ON TRADE PROPOTION ACTIVITIES. IT HAS BEEN AGREED THAT THE U.S. WILL SEND TWO DELEGATIONS TO CHINA, AND THAT THE CHINESE MILL ALSO SEND DELEGATIONS TO THE UNITED STATES IF TIME PERMITS. WITH REGARD TO A CHEMICALS SUBGROUP-SPONSORED TRAINING PROJECT, IT HAS BEEN AGREED THAT THERE MAY 8E COOPERATION IN A COMPOSITE FERTILISER PROGRAM. TWO REMAINING PROBLEMS WHICH REMAIN INCLUDE: CONCERNS BY U.S. FIRMS ABOUT THE LEYEL OF DETAIL REQUIRED BY CHIMA'S CHEMICAL REGISTRATION SYSTEM, AND THE QUESTION OF MARKET ACCESS AND EQUAL TREATMENT OF FOREIGH AND CHINESE FIRMS BY THE CHINESE GOVERNMENT.

9. MICHAEL COPPS. U.S. DEPARTMENT OF COMMERCE DEPUTY ASSISTANT SECRETARY FOR BASIC INDUSTRIES, AGREED MITH MU'S ASSESSMENT OF THE CHEMICALS SUBGROUP MEETING. HE ADDED THAT THE CHEMICALS SUBGROUP IS A PICNEEPING SUBGROUP OF THE THE BOIC AND IS INDOM FOR ITS AGGRESSIVE AND ENERGETIC AGENDA. HE THANKED THE CHINESE SIDE FOR PERMITTING U.S. PRIVATE FIRMS TO PROVIDE INPUT TO THE SUBGROUP.

#### ELECTRONICS SUBGROUP

10. TONG BAGAN, DEPUTY DIRECTOR OF THE CHINESE MINISTRY OF ELECTRONICS' INTERRATIONAL AFFAIRS OFFICE, SAID THAT SIX OF THE 18 WORK PROJECTS SIGNED AT THE 8TH JCCT PLEMARY HAVE BEEN REALIZED OVER THE COURSE OF THE LAST YEAR. HE SAID THAT HE HOPED PROJECTS NO. 11 AND 12 CAN BE REALIZED BEFORE THE END OF 1998. HE COMMENTED THAT THE CHINESE WERE SATISFIED WITH THE PROGRESS OF THE ELECTRONICS SUBGROUP.

11. U.S. DEPARTMENT OF COMMERCE PRINCIPAL DEPUTY
ASSISTANT SECRETARY ROBINSON ALSO PRAISED THE SUCCESS OF
THE ELECTRONICS SUBGROUP. HE SAID THAT HE HOPED FOR EVEN
GREATER SUCCESS DURING THE REMAINDER OF 1995 AND 1996.
ROBINSON STATED THAT HE ALSO HOPED THAT THE AMBITIOUS
SUBGROUP PLAN COULD BE SIGNED AT THE VEXT SUBGROUP
MEETING.

## ELECTRIC POWER SUBGROUP

12. DEPUTY DIRECTOR GENERAL LIU THAN OF THE CHINESE MINISTRY OF ELECTRIC POWER SAID THAT THE ELECTRIC POWER SUBGROUP HAD AGREED TO PROMOTE BILATERAL COOPERATION IN ELECTRIC POWER CURING 1998. U.S. DEPARTMENT OF ENERGY DEPUTY ASSISTANT SECRETARY FOR POLICY, JESSIE HARRIS, STATED THAT THE UNITED STATES HAD AGREED TO SPONSOR A MUMBER OF TRADE PROMOTION EYENTS DURING 1998 AS WELL AS BUILD UPON EXISTING INTITATIVES. SHE INDICATED THAT COAL TECHNOLOGY AND TRANSMISSICH/CISTRIBUTION TRADE MISSICHATED THAT A ROUND-TABLE ON ELECTRIC POWER TRADE FINANCING WILL BE HELD CURING THE STERN HALF OF 1998. AND THAT A ROUND-TABLE ON ELECTRIC POWER TRADE FINANCING WILL BE

#### ENVIRONMENTAL DUSAROUP

13 THINA ENVIRONMENTAL PROTECTION BUREAU ICIENCE OFFICIAMENT DIRECTOR VIN BAI ICAMENTED THAT THE BOIC ENVIRONMENTAL SUBGROUP VAS CRLY OFFICIALLY SET UP ON OCTOBER 17, BUT HAD MAD A NUMBER OF ACKIEVEMENTS ALREADY DURING 1995. THE INITED STATES AND THINA HAVE AGREED TO A

UNCLAS SECTION 03 OF 04 BEIJING 044465

DEPT PASS USTR FOR OWOSKIH/KLEIN, SANDS/LEHR

DEFT ALSO PASS HEC FOR BOWMAN CUTTER

USDGI FOR ACTING U/S ROTHXOPF

USDCC ALSO FOR 44ZD/15P/EAP/CEA/OFOREST

USDOC ALSO FOR \$130/ETA/IA/OP/AHSU

E.G. 12358: N/A

TAGS: BBSR BTIO ECON. ETRO, BEXP EINV. CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS OCTOBER 17

WORK PROGRAM FOR 1996. THE MOST IMPORTANT ELEMENT OF WHICH IS A PLANNED SEMINAR ON WASTE DISPOSAL. A NUMBER OF SEMINARS, INCLUDING A ROUND-TABLE DISCUSSION ON CHINA'S ENVIRONMENTAL AGENDA ZI ARE PLANNED FOR HEXT YEAR

14 U.S. COMMERCE PRINCIPAL DEPUTY ASSISTANT SECRETARY ROBINSON REPLIED THAT THE UNITED STATES IS PLEASED TO SEE THAT CHINA RECOGNIZES THE IMPORTANCE OF THE ENVIRONMENTAL SECTOR. HE COMMENTED THAT THE U.S. SIDE OF THE ENVIRONMENTAL SUBGROUP HAD BEEN VERY INTERESTED IN CHINA'S ENVIRONMENTAL AGENDA 21 AND RIVER-RELATED PROJECT PRESENTATIONS.

#### MEDICAL PRODUCTS AND TELECOMMUNICATIONS

15 PRESENTATIONS WERE ALSO MADE BY CHINA'S STATE
PHARMACEUTICAL BUREAU DEPUTY DIRECTOR GENERAL SHI XUAN
AND MINISTRY OF POSTS AND TELECOMMUNICATIONS OFFICE OF.
INTERNATIONAL AFFAIRS DEPUTY DIRECTOR CHAI QINGLIAM. SHI
STATED THAT THERE ARE ALREADY 120 U.S.-CHINA JOINT
VENTURES HAVOLVING THE PHARMACEUTICAL INDUSTRY. AND THAT
HE MOPED COOPERATION IN THIS SECTOR WILL PROGRESS EVEN
MORE SHOOTHLY IN THE FUTURE. CHAI STATE THAT THERE IS
MUCH COOPERATION ENTURE. THE UNITED STATES AND CHINA ON
THE PURCHASE AND SALE OF TELECOMMUNICATIONS EQUIPMENT.

### PRIVATE SECTOR PARTICIPATION

15. PRICR TO ALLOWING REPRESENTATIVES OF THE U.S. PRIVATE SECTOR INTO THE CONFERENCE ROOM TO ATTEND THE MEETING, THE U.S. AND CHINA CO-CHAIRS SIGNED A JOINT DOCUMENT OUTLINING ACCOMPLISHMENTS AND CRISCITIVES OF THE BOIC YORKING GROUP. J.S. CO-CHAIR VICKERY THEN INTRODUCED THE PRIVATE SECTOR PARTICIPANTS. HE STRESSED THAT IT IS JOHLY THROUGH A STRONG AND CLOSE RELATIONSHIP WITH THE PRIVATE SECTOR THAT THE BOIC YORKING GROUP CAM REALIZE ITS FULL POTENTIAL. U.S. PRIVATE SECTOR REPRESENTATIVES INCLUDED EXECUTIVES FROM WESTIMSHOUSE. CONSISON AND JOHNSON. LENNA CORPORATION (MASTE MANAGEMENT) EASTMAN CHEMICAL, PHILIPS PETROLEUM, SIGNAL REM ENVIRONMENT, U.S. HINA TECHNOLOGY EXCHANGE. THE SOFTWARE FUBLISHERS ASSOCIATION. AND THE U.S. ELECTRONICS ASSOCIATION.

THINA CO-CHAIR LIU SAID THAT HE VAS GLAD TO MEET ATTH SO MANY PEPRESENTATIVES OF FAMOUS U.S. COPPORATIONS. HE COMMENTED THAT CHINA IS WILLING TO COOPERATE IN THE FIELD OF TECHNOLOGY AND WANTS TO BUY J.S. ECUIPMENT. HE REITERATED THAT THERE IS GREAT POTENTIAL FOR J.S. CHINA TRADE AND COOPERATION, BUT THAT LIC. HIGH TECHNOLOGY EXPORT CONTROLS HINDER THIS TRADE. HE STATED THAT MANY U.S. FIRMS WANT TO SELL HIGH TECHNOLOGY EQUIPMENT TO CHINA, BUT ARE UMABLE TO GET EXPORT LICENSES FROM THE U.S. GOVERNMENT. LIU CITED AS AN EXAMPLE MUCLEAR POWER PLANTS AND STATED THAT CHINA

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WANTED TH THE 1930'S TO BUT FROM WESTINGHOUSE, BUT WAS FORCED INSTEAD TO GO TO THE FRENCH. LID SAID THAT THE UNITED STATES NEEDS TO HOVE AWAY FROM COCCUS EXPORT COSTROLS AND EXPAND HIGH TECHNOLOGY EXPORTS TO CHINA. THIS WILL EXPAND EMPLOYMENT IN THE UNITED STATES AND REDUCE THE U.S. BILATERAL TRADE DEFICIT WITH CHIRA.

BILL ARCHIE, PRESIDENT OF THE U.S. ELECTRONICS MANUFACTURERS ASSOCIATION, AND RICHARD GASKINS OF WESTINGHOUSE EACH MADE BRISE PRESENTATIONS TO THE BOLD PLENARY. ANCHIE STRESSED TO THE CHINESE THAT HOST MEMBERS OF HIS ASSOCIATION ARE SMALL SCALE FIRMS. HE STATED THAT TECHNOLOGICAL INNOVATION AND MARKET OPPORTUNITIES OFTEN COME FROM SMALLER FIRMS. CHINA CO-CHAIR LIU SAID THAT THE CHINESE HAVE HEVER TRIED TO LOOK DOWN ON SMALLER FIRMS. HE SAID HE YOULD BE OPEN TO AMY SPECIFIC
SUGGESTIONS FROM THE U.S. SIDE -- PERHAPS THROUGH A
LETTER FROM U.S. CO-CHAIR VICKERY AFTER THE JCCT PLENARY
-- ON HOW THE CHINESE CAN BEST EXPAND CONTACTS WITH SMALL AND MEDIUM ENTERPRISES.

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E.O. 12358: N/A

TAGS: BBSR, TTIC. ECCM. ETRO, BEXP, EINV. CH SUBJECT: CCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS OCTOBER 17 \*

RICHARD GASKINS STATED THAT VESTINGHOUSE HAS HAD FIFTEEN YEARS OF EXPERIENCE IN TECHNOLOGY TRANSFER IN CHINA: HE COMMENTED, HOWEVER, THAT CHINA'S GREAT NEED OF INVESTMENT CAPITAL TO FINANCE INFRASTRUCTURE PROJECTS COULD BE MORE EASILY MET IF CHINA IMPROVED ITS INVESTMENT CLIMATE FOR FOREIGN INVESTORS. LIU THANKED GASKINS FOR HIS FRANK REMARKS. HE STATED THAT CHIMA HAS ALREADY MADE AND IS MAKING SUBSTANTIAL INVESTMENTS IN ITS ELECTRIC POWER INDUSTRY, AND CITED THE PHREE GORGES PROJECT AS AN EXAMPLE. LIU COMMENTED THAT FOREIGN INVESTMENT IN CHIMA SHOULD BE MUTUALLY BENEFICIAL TO BOTH SIDES.

THIS CABLE HAS CLEARED BY DEPARTMENT OF COMMERCE ASSISTANT SECRETARY VICKERY PRIOR TO HIS DEPARTURE FROM BEILING. HALLFORD BT

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